

**REMARKS**

Claims 46-67 are pending in this application.

In the office action, the Examiner requested submission of additional information with respect to claims **49, 50, 53, 58, 59, and 62**. The Examiner contends that the Applicants' failed to disclose information regarding where the formulas recited in these claims are found, and that the formulas in the claims are not the exact formulas found in Applicant's disclosure.

For greater clarity and to expedite examination, claim 49 has been amended to incorporate the limitations recited in claim 50, and claim 50 has been cancelled. A clerical error in the formula of claim 49 has been corrected. Claim 58 has also been amended to incorporate the limitations recited in claim 59, and claim 59 has been cancelled. No new matter has been added.

It is clear that the linear program of amended claim 49 is identical to that disclosed in the application at page 23, and referenced as the "primal problem". As described at page 23, lines 13-28, this linear program is associated with an embodiment where an investor seeks to maximize the Call Value of a given portfolio subject to not exceeding a specified limit on the Put Value of the given portfolio.

Furthermore, the formula for pricing portfolio insurance as recited in claims 53 and 62 is identical to that disclosed in the application at page 32 and referenced as equation (7). As described at page 33, lines 12-13, in order to price portfolio insurance,  $M_{(i)}$  is replaced with the downside payoffs (unrealized losses) of the optimal portfolio. These features are explicitly recited in claims 53 and 62.

Appl. No. 09/718,500  
Amdt. Dated December 8, 2005  
Reply to Office action of October 15, 2005

Respectfully, the subject matter of claims 49, 53 and 62 is clearly and explicitly disclosed in the application as filed.

As noted above, the linear program of claim 49 to be solved in determining at least one efficient portfolio is associated with an embodiment that requires maximizing the Call Value of a given portfolio subject to not exceeding a specified limit. On the other hand, with respect to claim 58, it is noted that the application (at page 20, lines 4-6) explicitly discloses a variant embodiment in which the determination of the efficient portfolio requires minimizing the Put Value of a given portfolio subject to obtaining a specified limit. It is respectfully submitted that persons of ordinary skill in the art would understand that the linear program of claim 58 can be derived using known mathematical techniques, and without inventive effort, from the linear program explicitly disclosed in the application and claimed in amended claim 49. Accordingly, the subject matter of claim 58 is also effectively disclosed in the application as filed.

In response to the Examiner's request for information under 37 CFR 1.105, it is noted that the subject matter of these claims was described in the following publication:

*DEMBO, Ron S. et al., "The Put/Call Efficient Frontier", Algo Research Quarterly 3(1), 13-25 (March 2000).*

This publication was previously disclosed in an Information Disclosure Statement filed on March 25, 2002. A duplicate copy of the above publication is enclosed for the Examiner's reference. However, this subject matter was formulated by the Applicants and has been disclosed in the present application. This publication is not prior art.

Appl. No. 09/718,500  
Amdt. Dated December 8, 2005  
Reply to Office action of October 15, 2005

This subject matter of these claims may also be considered to have been generally described in the following publication:

*DEMBO, RON S. et al., "Mark to future: a comprehensive guide to a revolution in the Evolution of Risk", 2.36-2.41 (marked November 1999, not released publicly before November 26, 1999).*


This publication was also previously disclosed in the Information Disclosure Statement filed on March 25, 2002. For completeness, a duplicate copy of the relevant pages of the above publication is enclosed. This publication is not prior art.

The subject matter of these claims has not yet been incorporated into any product or service for sale by the Assignee of this application.

All of the Examiner's objections have been addressed. In view of the amendments made, the Applicants respectfully submit that each of claims 46-49, 51-58, and 60-67 is in form for allowance, and a Notice of Allowance is requested. If the Examiner believes that a further telephone interview would expedite allowance of this application, she is kindly requested to contact the undersigned.

Respectfully submitted,

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